



# Virginia Telecommunication Initiative (VATI)

2017 Program

Guidelines and Criteria



VIRGINIA DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT  
*Partners for Better Communities*



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# **Program Guidelines**

## **Background**

The issue of rural telecommunications is not only one of technology; it is essential infrastructure for modern community and economic development. Many rural communities in Virginia evolved around industry sectors that are no longer viable—rail, textile, manufacturing, resource extraction. Broadband availability supports the creation of sustainable and competitive communities, providing access to health care, particularly through the introduction of telemedicine, improving the local workforce, providing increased educational opportunities through distance learning, and encouraging an entrepreneurial economy where home-based and small businesses are able to compete globally, as well as retention of existing businesses. Virtually all aspects of life rely on broadband connectivity.

Increasingly there are problems retaining existing businesses in rural communities because the broadband services are slow, sporadic or limited. Broadband services connects communities and businesses to the global marketplace. Broadband connectivity is very important to the performance of microenterprise, small, and large businesses. Most if not all businesses rely on the internet to perform business functions such as online banking, e-commerce transactions (i.e. sales and on-line payment processing), market development (i.e. on-line ads, websites, bulk-email, etc), customer service through on-line chat or emails, as well as to communicate with suppliers, or corporate headquarters. Broadband has gone from being a luxury to a necessity for full participation in our economy.

## **Program Description**

The Department of Housing and Community Development (DHCD) will be implementing the Virginia Telecommunications Initiative (VATI). The goal of VATI is to create strong, competitive communities throughout the Commonwealth by preparing those communities to build, utilize, and capitalize on telecommunications infrastructure. Consistent with the enabling legislation, DHCD will award the \$1 million appropriation to eligible applicants to provide Last-Mile services to Unserved areas of the State. However, there is no specific maximum dollar amount attributable to FY 2017 funding and the DHCD reserves the flexibility to award any amount, depending entirely on the quality and quantity of applications received.

The primary objective of the VATI is to provide financial assistance to supplement construction costs by private sector broadband service providers, in partnership with local units of government to extend service to areas that presently are unserved by any broadband provider

## **Eligible Applicant**

Applications must be submitted by a unit of government (Towns, Cities, Counties, EDA/IDA, Broadband/Wireless Authorities, Planning District Commissions, etc.) with a private sector provider(s) as a co-applicant.

## **Selection Process**

Grantees will be selected through a competitive application process. Application questions will be centered on the applicant's broadband needs, and a shovel-ready project(s) needing financial assistance to supplement construction costs. The applicant must demonstrate a readiness to proceed with the Virginia Telecommunications Initiative in a timely manner by the required deadline.

## **Program Requirements**

- A. Unserved Areas
- B. Multiple Applicants
- C. Project Financing
- D. Internet Speeds
- E. Project Implementation deadline
- F. Suitable Fiscal and Management Capabilities

## **Projects Must Only Address Unserved areas**

DHCD will award funding to applicants to provide Last-Mile services, including Middle Mile networks, equipment, or other investments required to deliver Last-Mile service to Unserved areas of the State. Unserved areas are defined as having broadband speeds of  $\leq 10$  Mbps download and 1 Mbps upload. Areas designated to receive funds for construction through the federal Connect America (CAF) program or receiving other state or federal funds for construction are not eligible to receive funds through the Virginia Telecommunication Initiative.

## **Multiple Applications**

An applicant may designate separate Service Areas through multiple applications where: (1) the applicant proposes to serve geographic areas that do not share a contiguous boundary AND are wholly-located in different localities, OR (2) the applicant is proposing the use of different technology solutions for each area.

- A. Applications proposing Service Areas that span more than one locality will be considered regional
- B. Applications that propose use of more than one technology may be filed in the same application

## **Project Financing**

Governor McAuliffe has set a goal of providing financial assistance (gap financing) to supplement construction costs by private sector broadband service providers to extend service to areas that presently are unserved by any broadband provider. Consistent with that goal, applicants are encouraged to provide a co-investment. DHCD funding shall not exceed eighty-percent (80%) of the total project cost.

## **Internet Speed**

VATI is designed to ensure that unserved areas of the Commonwealth have access to broadband speeds of 10 Mbps download and 1 Mbps per second upload or 10 Mbps download and 3 Mbps upload. Projects proposing higher speeds may receive funding priority. In each case, the co-applicant will be required to demonstrate how their proposed technology solution will deliver the promised speeds in the proposed area once operational and how capacity will be aggregated in the network design.

## **Implementation Deadline**

In accordance with the goals of VATI, the applicants must demonstrate that their projects will be completed by June 30, 2017, and must detail major benchmarks and timing of anticipated achievement of each benchmark.

## **Applicants Must Demonstrate Suitable Fiscal Standing and Management Capabilities**

To participate in VATI, applicant and co-applicant must demonstrate suitable fiscal standing and management capabilities. To determine whether applicants meet this criterion, applicants and private sector partner(s), must submit the following documents and/or attest to each of the following:

1. Documentation that proposed project area is unserved based on VATI criteria;
2. Documentation that proposed project area is not designated for Connect America Funding (CAF) or does not have other state or federal resources for construction;
3. Private Service Provider must provide proof that they have filed an FCC Form 477 for two years prior to submission of application.
4. Audited Financial Statements for their most recent fiscal year (applicant and co-applicant). If either applicant does NOT have an Audited Financial Statement they must provide a Reviewed Financial Statement or Balance Sheet. Documentation must not be older than 365 days.
5. Projects must be fully-financed, through a combination of the total requested VATI funds, committed funds from the Applicant or Co-Applicant, and in-kind resources;
6. Co-applicants must have current assets, defined as the Applicant's total amount of available cash and equivalents, as well as callable capital, in an amount no less than the

proposed committed funding, or a commitment letter for financing in that amount at the time of application;

7. Applicants must be in good standing in performance of any and all existing Commonwealth of Virginia contracts, and compliance with all federal, State, and local laws

### **Proposal Due Date**

Proposals are to be submitted on **Wednesday, December 21, 2016** by **11:59 p.m.** Please note that DHCD offices close at 5:00 p.m. Staff will not be available to provide CAMS technical assistance after 5:00 p.m.



## Definitions

**Connect America Fund (CAF)** – a Federal Communications Commission (FCC) program that supports the deployment of Internet access in Unserved areas at speeds of 10/1 Mbps (download/upload)

**Digital Subscriber Line (DSL)** - A technology for bringing high- bandwidth information to homes and small businesses over ordinary copper telephone lines

**Eligible Project Costs** – Expenses eligible for reimbursement under the VATI grant

**Fiber-to-the-Home (FTTH)** – A network that delivers internet service over optical fiber directly to an end-user home, business, or other Unit

**Fixed Wireless** – Wireless devices or systems that are situated in fixed locations

**Hybrid Fiber Coaxial (HFC)** - A broadband network combining optical fiber and coaxial cable

**Last-Mile** – Components of a network that provide broadband service to end-user premises or devices through an intermediate point of aggregation (*e.g.*, remote terminal, fiber node, wireless tower, or other equivalent access point)

**Middle Mile** – Network components that provide broadband service from one or more centralized facilities (*e.g.*, the central office, the cable head-end, the wireless switching station, or other equivalent centralized facilities) to an Internet point of presence

**Service Area** – Refers to the geographic territory in which an applicant has proposed to provide service

**Underserved** – An area where broadband service is not available from a wireline or wireless facilities-based provider at advertised speeds equal to less than 10 Mbps download /1 Mbps upload

# Request for Proposal Questions

## Project Area

1. A map and description of the proposed geographic area including specific boundaries of the project area e.g.; street names, local and regional boundaries, etc. Explain why and how the project area(s) was selected. Attach a copy of your Map(s)
2. Describe population both in terms of absolute numbers within the project area and the likely users that will be served by the proposed project. Indicate the numbers of residential, businesses and community anchor institutions the proposed project will pass in the project area. Estimate the overall expected subscriber projections for the project and the basis for the projections.
3. Has the locality where the proposed project area is located been designated to receive funding through Connect America? The applicant must provide supporting documentation proving the VATI project area is NOT to be served by Connect America Funding.
4. Discuss the benefits to the community. For example, the applicant should discuss how broadband availability will help foster economic development and how the use of broadband applications is relevant to residents, businesses, telemedicine, teleworking/telecommuting, public schools, distance learning, e-commerce, e-government, public safety, tourism, entertainment, etc.

## Need

5. To be eligible for VATI, applicants must demonstrate that the proposed project area(s) is unserved. An unserved area is defined as an area with speeds  $\leq 10$  Mbps/1 Mbps. Provide a list of the broadband service providers, if any, currently serving the area the applicant proposes to serve and the available broadband speeds.

## Project Description

6. A statement whether the proposed project is targeting the “last mile,” “middle mile,” or “backbone” portion of the broadband infrastructure. This statement should also indicate whether the facilities involved would be owned, rented or leased.
7. A description of the broadband service to be provided, including estimated download and upload speeds, whether that speed is based on dedicated or shared

bandwidth, and the technology that will be used. This description should be illustrated by a map or schematic diagram, as appropriate.

- i. If the application proposes a wireless broadband service, provide a list of all broadband service providers that overlap the footprint of the proposed wireless broadband project. If known, provide an estimate of the customers within the proposed footprint that are served by competing broadband service providers.
  - ii. If the application proposed a wireless broadband service, provide a list of all facilities-based landline telecommunications providers that overlap the footprint of the proposed wireless broadband project. Describe the extent to which any facilities-based landline telecommunications providers are currently offering a digital subscriber line (DSL) or cable broadband service within the footprint of the proposed wireless broadband project.
8. Provide a description of the network system design used to deliver broadband service from the network's primary Internet point(s) of presence to end users, including the network components that already exist and the ones that would be added by the proposed project. Also describe specific advantages of using this technology.

### **Project Timeline**

9. What is the current state of project development (i.e. planning, preliminary engineering, final design, etc.). Prepare a detailed project timeline or construction schedule, which identifies specific tasks, staff, contractor responsible(s), collection of data, etc., and estimated start and completion dates. The timeline should include all activities being completed by June 20, 2017.

### **Project Budget**

Applicants shall provide a detailed budget as to how the grant funds will be utilized, including an itemization of equipment and construction costs and a justification of proposed expenses.

10. A summary showing the revenue source, including estimated VATI grant funds and matching funds, for each expenditure itemized.
11. Matching funds: A description of the matching funds the applicant and co-applicant will invest in the proposed project, (VATI funding cannot exceed 80% of total project cost)
  - i. For each element of matching funds in the description, indicate the type of match (cash, salary expense, or in-kind contribution).

- ii. Identify whether the applicant or co-applicant is responsible for providing each element of the proposed matching funds.
- 12. Applicant and Co-Applicant: A description of the public-private partnership involved in the project.
  - i. If the partnership is formalized in a written agreement provide a copy of that agreement.
  - ii. If the partnership has not been formalized, provide a short description of the project management role, financial commitment, or other contribution to the project for the applicant and co-applicant and any additional partners.
- 13. Identify key individuals, including name and title, who will be responsible for the management of the project. Describe their role and responsibilities for the project. Present this information in table format.
- 14. A description of applicant and co-applicant's history or experience with managing grants and constructing broadband communications facilities in the Commonwealth of Virginia and elsewhere.

#### **Service**

- 15. Describe the Internet service offerings to be provided after completion of this project and your price structure for these services. The service offerings should include all relevant tiers.

#### **Additional Information**

- 16. Any other equitable factor that the applicant desires to include.

## **List of Required Attachments**

1. Derivation of Cost (Project Budget)
2. Project Management Plan
3. Supporting documentation for costs estimates
4. Map(s) of project area, including proposed infrastructure
5. Map(s) or schematic of existing broadband providers (inventory of existing assets)
6. Documentation of relationship between applicant and co-applicant (formal or informal)
7. Audited Financial Statement/Reviewed Financial Statement or Balance Sheet
8. Two most recent Form 477 submitted to FCC
9. Documentation for in-kind contributions, including value(s)
10. Documentation of source of match funding
11. Documentation that proposed project area is unserved based on VATI criteria
12. Documentation that proposed project area is not designated for Connect America Funding (CAF) or does not have other state or federal resources for construction